# NOVA SCOTIA
# FISHERIES AND AQUACULTURE
# LOAN BOARD
# FINANCIAL STATEMENTS
# MARCH 31, 2004

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Office of the Auditor General

## AUDITOR'S REPORT

To the Members of the Legislative Assembly; and

To the Minister of Agriculture and Fisheries

I have audited the balance sheet of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2004 and the statements of revenues, expenditures and accumulated surplus, and continuity of fund for the year then ended. These financial statements are the responsibility of the Loan Board's management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nova Scotia Fisheries and Aquaculture Loan Board as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

E.R. Salmon, FCA
Auditor General

Halifax, Nova Scotia
May 29, 2004

# NOVA SCOTIA
# FISHERIES AND AQUACULTURE LOAN BOARD
# BALANCE SHEET
# MARCH 31, 2004

## ASSETS

| | 2004 | 2003 |
|---|---|---|
| Loans receivable | $ 71,100,660 | $ 67,309,985 |
| Accrued interest receivable | 1,707,955 | 1,601,093 |
| Due from Consolidated Fund – Department of Finance (Note 3) | 65,747,735 | 69,616,073 |
| | $ 138,556,350 | $ 138,527,151 |

## LIABILITIES AND FUND BALANCE

**Liabilities**

| | | |
|---|---|---|
| Applicants' funds on deposit | $ 378,126 | $ 405,788 |
| Due to Department of Finance | 1,707,955 | 1,601,093 |
| **Fisheries and Aquaculture Development Fund** | 136,470,269 | 136,520,270 |
| | $ 138,556,350 | $ 138,527,151 |

**Commitments** (Note 4)

The accompanying notes are an integral part of these financial statements

APPROVED ON BEHALF OF THE BOARD

_____
Chair

_____
Member

# FISHERIES AND AQUACULTURE LOAN BOARD
# STATEMENT OF REVENUES, EXPENDITURES AND ACCUMULATED SURPLUS
# FOR THE YEAR ENDED MARCH 31, 2004

| | 2004 | 2003 |
|---|---|---|
| **Revenues** | | |
| Interest income | $ 5,492,696 | $ 4,945,114 |
| Loan fees | 151,060 | 188,361 |
| | 5,643,756 | 5,133,475 |
| **Expenditures** | | |
| Interest expense (Note 5) | 2,872,152 | 3,611,010 |
| Salaries and benefits | 485,076 | 555,006 |
| Board honoraria | 4,100 | 5,050 |
| Travel | 54,083 | 60,020 |
| Office expense | 28,270 | 45,167 |
| Bad debts (net of recoveries) | 41,424 | 954,148 |
| | 3,485,105 | 5,230,401 |
| Surplus (deficit) before Government contribution | 2,158,651 | (96,926) |
| Contribution by Department of Agriculture and Fisheries (Note 6) | 612,953 | 1,619,391 |
| **Surplus** | 2,771,604 | 1,522,465 |
| Distribution to Department of Finance (Note 6) | 2,771,604 | 1,522,465 |
| | $ - | $ - |
| **Accumulated Surplus** | | |

The accompanying notes are an integral part of these financial statements

# NOVA SCOTIA
# FISHERIES AND AQUACULTURE LOAN BOARD
# STATEMENT OF CONTINUITY OF FUND
# FOR THE YEAR ENDED MARCH 31, 2004

| | 2004 | 2003 |
|---|---|---|
| **Balance,** beginning of year | $ 136,520,270 | $ 137,474,418 |
| Deduct: Bad debts expenditure | 50,001 | 954,148 |
| **Balance,** end of year | $ 136,470,269 | $ 136,520,270 |
| Comprising: | | |
| Loans receivable | $ 71,100,660 | $ 67,309,985 |
| Loans authorized but unadvanced (Note 4) | 4,909,114 | 4,617,923 |
| Aquaculture loan guarantees (Note 3) | 370,000 | 2,800,000 |
| Uncommitted fund balance | 60,090,495 | 61,792,362 |
| | $ 136,470,269 | $ 136,520,270 |

The accompanying notes are an integral part of these financial statements

# NOVA SCOTIA
# FISHERIES AND AQUACULTURE LOAN BOARD
# NOTES TO FINANCIAL STATEMENTS
# MARCH 31, 2004

## 1. Authority

The Fisheries and Aquaculture Development Fund is established pursuant to Section 34 of the Fisheries and Coastal Resources Act. The purpose of the Fund is to finance the loans and guarantees of the Nova Scotia Fisheries and Aquaculture Loan Board.

The object and purpose of the Board is to make loans and guarantees of loans to fishers, aquaculturists, companies, cooperatives, associations or other persons in order to encourage, sustain, improve and develop the fishing industry in the Province.

## 2. Financial Reporting and Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles which for purposes of the Board's financial statements are represented by accounting recommendations of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA accounting standards or pronouncements. No statement of cash flow is included in these financial statements because the Board has no cash accounts and the statement would not provide useful information.

These financial statements have been prepared using the following significant accounting policies:

**Revenues**
Revenues are recorded on the accrual basis. The main components of revenue are interest and various fees for loans and guarantees.

**Expenditures**
Expenditures are recorded on the accrual basis. Net expenditures include recoveries which are directly related to the expenditures and are not normally considered to be revenues. Provisions are made for probable losses on certain loans and loan guarantees. These provisions are updated as estimates are revised, at least annually.

**Assets**
Loans receivable are recorded at the principal amount less valuation allowances. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

# NOVA SCOTIA
# FISHERIES AND AQUACULTURE LOAN BOARD
# NOTES TO FINANCIAL STATEMENTS
# MARCH 31, 2004

**2. Financial Reporting and Accounting Policies (continued)**

**Measurement Uncertainty**
Measurement uncertainty exists in financial statements when recorded amounts such as loan valuation allowances are based on assumptions or estimates. Accuracy of these numbers depends on the completeness and quality of information available when the recorded amount is derived. There could be significant variances between the estimates recorded and the actual results achieved.

**3. Due from Consolidated Fund - Department of Finance**

| | 2004 | 2003 |
|---|---|---|
| Loans authorized but unadvanced | $ 4,909,114 | $ 4,617,923 |
| Aquaculture loan guarantees | 370,000 | 2,800,000 |
| Applicants' funds on deposit | 378,126 | 405,788 |
| Uncommitted Fund balance | 60,090,495 | 61,792,362 |
| | $ 65,747,735 | $ 69,616,073 |

Guarantees - On August 30, 1995 the government's Priorities and Planning Committee approved the Nova Scotia Aquaculture Development Strategy. On April 1, 1996 the aquaculture loan and guarantee program was transferred from the former Nova Scotia Economic Renewal Agency to the Board, along with $1,000,000 of existing loan guarantees. The strategy provided approval for capital advances and guarantees of $2.0 million per year, until March 31, 2001.

**4. Commitments**

Commitments total $4,909,114 (2003 - $4,617,923). Commitments are loans which have been approved by the Board but cash advances for the loans have not been made by year end.

**5. Interest Expense**

Loans provided by the Board are funded through advances by the Department of Finance. Interest expense is calculated by the Board based on an estimate by the Department of Finance of the rate at which the Province could borrow funds over the next quarter.

# NOVA SCOTIA
# FISHERIES AND AQUACULTURE LOAN BOARD
# NOTES TO FINANCIAL STATEMENTS
# MARCH 31, 2004

## 6. Contributions and Surplus

Expenses of the Board other than interest expense are paid by the Department of Agriculture and Fisheries on behalf of the Board. The operating surplus or deficit of the Board is retained in the Consolidated Fund of the Province.

## 7. Public Service Superannuation Fund

All full-time employees of the Board are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act. The plan is funded by equal employee and employer contributions. The employer's contributions are included in the Board's operating expenses. The Public Service Superannuation Fund is administered by the Department of Finance. The Board is not responsible for any unfunded liability.

# Appendix 4
# Statistical Information

| Year Ending March 31, 2004 | | Year Ending March 31, 2003 | Year Ending March 31, 2002 | Year Ending March 31, 1999 | Year Ending March 31, 1998 |
|---|---|---|---|---|---|
| Lending Budget | $25.0 m | $25.0 m | $25.0 m | $11.0 m | $11.0 m |
| Loans Advanced | $21.9 m | $20.5 m | $20.4 m | $10.0 m | $7.7 m |
| Principal Payments | $18.1 m | $11.9 m | $10.7m | $9.3 m | $9.1 m |
| Interest Payments | $5.3 m | $5.0 m | $4.4 m | $2.9 m | $3.3 m |
| Loans Receivable | $71.7 m | $69.1 m | $60.7 m | $37.9 m | $37.4 m |
| Doubtful Accounts | $.6 m | $.9 m | $1.0 m | $.9 m | $.9 m |
| Interest Expense | $2.8 m | $3.6 m | $3.2 m | not available | not available |
| Writeoffs | $1.1 m | $197,240 | $109,997 | $.3 m | $10,177 |
| Fees Collected | $151,060 | $188,361 | $151,273 | $72,604 | $49,333 |
| Net Income | $2.7 m | $1.5 m | $1.5 m | not available | not available |